

Message Text

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ORIGIN STR-08

INFO OCT-01 EA-11 ADP-00 TRSE-00 COME-00 EB-11 SS-15 NSC-10

L-03 CEA-02 CIEP-02 OMB-01 FRB-02 SIL-01 LAB-06 PM-09

MC-02 XMB-07 CIAE-00 DODE-00 INR-10 NSAE-00 PA-03

RSC-01 USIA-12 PRS-01 /118 R

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P 162304 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO PRIORITY

C O N F I D E N T I A L STATE 070936

E. O. 11652: GDS

TAGS: ETRD, EIND, JA

SUBJECT: IMPORT RESTRICTIONS - COMPUTERS AND ICS

REF : TOKYO 4402

1. EMBASSY SHOULD INFORM KOMATSU (AND OTHER GOJ OFFICIALS TO EXTENT KOMATSU PROTECTED) THAT, WHILE USG APPRECIATES HIS EFFORTS TO ACHIEVE COMPUTER AND IC LIBERALIZATION AND HIS ADVANCE INFORMATION ON LIBERALIZATION PLANS, PROPOSED PLANS DO NOT MEET USG CONCERNS AND ARE NOT ADEQUATE.

2. WE BELIEVE JAPANESE IC INDUSTRY NOW FULLY COMPETITIVE IN WORLD MARKETS AND THUS OVERDUE FOR FULL LIBERALIZATION. DATA PROVIDED BY KOMATSU PARA 3 A REFTEL NOT INDICATIVE OF IMPACT OF MAINTAINING RESTRICTIONS ANOTHER YEAR SINCE:

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A. AS GIVEN IN REFTEL, IT POSSIBLE ICS UP TO REPEAT UP TO 100 ELEMENTS WHICH NOT RESTRICTED COULD COMPRISE BULK OF IMPORTS SUCH DATA AND B. PAST TRADE IN ARBITRARILY RESTRICTED PRODUCTS IS HARDLY INDICATION OF FUTURE LIBERALIZED TRADE. NEVERTHELESS, USG IS PREPARED TO ACCEPT ASSURANCES THAT ALL ICS WILL BE LIBERALIZED APRIL 1974. IF NECESSARY, EMBASSY IS AUTHORIZED TO STATE THAT IF SCHEDULE FOR LIBERALIZATION ALL ICS IS ANNOUNCED FOR APRIL 1974 (AND CARRIED OUT) WITHOUT IMPOSITION NEW BARRIERS, USG WILL

CONSIDER PROBLEM OF ICS IN CONTEXT GATT ARTICLE XXIII TO HAVE BEEN RESOLVED.

3. WE ASSUME JAPANESE DEFINITION OF " ELEMENT" IS SAME AS OUR OWN, NAMELY, UASIC BUILDING BLOCK OF IC CONSISTING OF SINGLE TRANSISTOR OR RESISTOR FUNCTION. IF JAPANESE DEFINE " ELEMENT" TO BE EQUIVALENT OF " GATE CIRCUIT," THEN IMMEDIATE LIBERALIZATION OF UP TO 200 ELEMENTS WOULD BE CONSIDERABLY MORE SIGNIFICANT.

4. WITH RESPECT TO COMPUTERS, YOU SHOULD INFORM KOMATSU ALONG LINES ECON/ MINS INITIAL REACTION THAT WHILE IMMEDIATE LIBERALIZATION OF BTN 84.52 IS OF COURSE WELCOME (EVEN THOUGH SCOPE OF SUCH ACTION IN TERMS OF SOPHISTICATION OF MACHINES AFFECTED IS NOT CLEAR), LIBERALIZATION SCHEDULE FOR REMAINING COMPUTER CATEGORIES IS TOTALLY INADEQUATE. BEFORE FINAL DECISIONS ARE MADE BY PRIME MINISTER WE WOULD EXPECT THAT THERE WOULD BE ADEQUATE TIME FOR BILATERAL CONSULTATIONS, GIVEN LONG YEARS OF BILATERAL DISCUSSIONS THIS PROBLEM. WE PREPARED HAVE SUCH DISCUSSIONS IN US- JAPAN MAY TRADE TALKS IN EFFORT FIND MEANS TO RESOLVE THIS ISSUE IN CONTEXT OF BOTH BILATERAL AND MULTILATERAL FRAMEWORK.

ROGERS

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*** Current Classification *** CONFIDENTIAL

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